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EAGLE LEGEND ASIA LIMITED
鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Director(s)") of Eagle Legend Asia Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 together with the comparative figures in 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*5*	**214,614**	239,755
Cost of sales and services		**(140,762)**	(145,375)
Gross profit		**73,852**	94,380
Other income and gains	*6*	**1,911**	2,983
Selling and distribution expenses		**(3,132)**	(3,487)
Administrative expenses		**(69,310)**	(65,739)
Other operating expenses		**(51,973)**	(45,061)
Finance costs	*7*	**(27,058)**	(26,478)
Loss before income tax	*8*	**(75,710)**	(43,402)
Income tax credit	*9*	**3,560**	1,333
Loss for the year		**(72,150)**	(42,069)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of properties held for own use, net of tax		**(272)**	1,288
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4,585)**	(7,782)
Other comprehensive income for the year		**(4,857)**	(6,494)
Total comprehensive income for the year		**(77,007)**	(48,563)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Loss for the year attributable to:			
— Owners of the Company		**(72,143)**	(42,035)
— Non-controlling interests		**(7)**	(34)
		(72,150)	(42,069)
Total comprehensive income attributable to:			
— Owners of the Company		**(77,000)**	(48,529)
— Non-controlling interests		**(7)**	(34)
		(77,007)	(48,563)
Loss per share			
— Basic and diluted (HK cents)	*11*	**(8.3)**	(5.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**522,716**	350,005
Payments for leasehold land held for own use under operating leases		**19,603**	21,586
Goodwill		**75,036**	–
Prepayment		**2,016**	–
		619,371	371,591
Current assets			
Biological assets		**5,164**	–
Inventories and consumables		**52,695**	43,705
Trade receivables	*12*	**54,778**	56,221
Prepayments, deposits and other receivables		**20,584**	37,237
Short-term investment		**11,200**	–
Tax recoverable		**343**	–
Cash and cash equivalents		**198,456**	84,346
		343,220	221,509
Current liabilities			
Trade and bill payables	*13*	**65,110**	77,508
Receipt in advance, accruals and other payables		**150,707**	86,289
Bank borrowings		**23,942**	43,884
Other loan payable		**2,848**	–
Bonds payable		**–**	100,000
Finance lease payables		**38,214**	41,768
Deferred government grants		**1,080**	–
Provision for tax		**–**	36
		281,901	349,485
Net current assets/(liabilities)		**61,319**	(127,976)
Total assets less current liabilities		**680,690**	243,615

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Accruals and other payables	**72,074**	9,142
Bank borrowings	**16,918**	18,799
Other loans payables	**2,303**	–
Bonds payable	**41,681**	–
Promissory note payable	**89,477**	–
Finance lease payables	**57,336**	55,397
Deferred government grants	**9,354**	–
Deferred tax liabilities	**13,700**	18,037
	302,843	101,375
Net assets	**377,847**	142,240
EQUITY		
Share capital	**9,600**	8,000
Reserves	**248,141**	133,688
Equity attributable to the owners of the Company	**257,741**	141,688
Non-controlling interests	**120,106**	552
Total equity	**377,847**	142,240

Notes:

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Group is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. The immediate and ultimate holding company of the Company is Harbour Luck Investments Limited, which is incorporated in Hong Kong with limited liability.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except that the following assets are stated at fair values as explained in the accounting policies set out in the 2016 annual report of the Company:

— land and building carried at fair value; and

— biological assets except for bearer plants

(c) Functional and presentation currency

The financial statements are presented in Hong Kong Dollars ("HK$"), which is the same as the functional currency of the Company.

3. ADOPTION OF HKFRS

(a) Adoption of new/revised HKFRS — effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

The adoption of the amendments has no significant impact on the financial statements.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on the financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 16 and HKAS 41 — Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with HKAS 16. The agricultural produce of bearer plants remains within the scope of HKAS 41. The amendments are applied retrospectively.

Bearer plants were acquired through business combination by the Group during the year. The Group has first applied the amendments when preparing the financial statements, and there is no significant impact on the financial statements in respect of the prior period.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on the financial statements as the Company has not elected to apply the equity method in its separate financial statements.

(b) New/revised HKFRS that have been issued but are not yet effective

The following new/revised HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Asset for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included classifications on identification of performance obligation; application of principal versus agent; licenses of intellectual; and transaction requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments. Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	The People's Republic of China ("PRC") *HK$'000*	Inter segment elimination *HK$'000*	Total *HK$'000*
Year ended 31 December 2016							
Revenue							
From external customers	**68,975**	**86,669**	**–**	**516**	**58,454**	**–**	**214,614**
From inter segment	**1,843**	**2,706**	**–**	**–**	**–**	**(4,549)**	**–**
Reportable segment revenue	**70,818**	**89,375**	**–**	**516**	**58,454**	**(4,549)**	**214,614**
Reportable segment (loss)/profit	**(10,447)**	**(13,514)**	**(21)**	**(29)**	**(7,878)**	**7**	**(31,882)**
Interests on bonds payable							**(20,260)**
Unallocated corporate expenses							**(20,008)**
Loss for the year							**(72,150)**
Other reportable segment information							
Interest income	**40**	**12**	**–**	**–**	**8**	**–**	**60**
Interest expenses	**(1,098)**	**(4,284)**	**–**	**–**	**(1,416)**	**–**	**(6,798)**
Amortisation on payments for leasehold land held for own use under operating leases	**–**	**–**	**–**	**–**	**(544)**	**–**	**(544)**
Depreciation of non-financial assets	**(12,904)**	**(27,919)**	**–**	**–**	**(3,084)**	**–**	**(43,907)**
Gain on disposal of property, plant and equipment	**93**	**67**	**–**	**–**	**–**	**–**	**160**
Impairment loss on property, plant and equipment	**(718)**	**(7,794)**	**–**	**–**	**–**	**–**	**(8,512)**
Write-down of inventories to net realisable value and provision for impairment of inventories	**(107)**	**(933)**	**–**	**–**	**(656)**	**–**	**(1,696)**
Written off of inventories	**(18)**	**–**	**–**	**–**	**–**	**–**	**(18)**
Income tax credit	**660**	**1,905**	**–**	**34**	**961**	**–**	**3,560**
Additions to non-current segment assets during the year	**15,944**	**23,511**	**–**	**–**	**598**	**–**	**40,053**
At 31 December 2016							
Reportable segment assets	**143,419**	**215,988**	**89**	**391**	**452,806**	**(2,511)**	**810,182**
Short-term investment							**11,200**
Other unallocated segment assets							**141,209**
Total assets							**962,591**
Reportable segment liabilities	**57,948**	**102,714**	**272**	**300**	**111,823**	**–**	**273,057**
Bonds payable							**41,681**
Promissory note payable							**89,477**
Other unallocated segment liabilities							**180,529**
Total liabilities							**584,744**

	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Total *HK$'000*
Year ended 31 December 2015							
Revenue							
From external customers	62,423	107,424	–	3,999	65,909	–	239,755
From inter segment	5,875	–	–	–	–	(5,875)	–
Reportable segment revenue	68,298	107,424	–	3,999	65,909	(5,875)	239,755
Reportable segment (loss)/profit	(7,771)	(10,415)	(102)	602	(359)	(656)	(18,701)
Interests on bonds payable							(17,201)
Unallocated corporate expenses							(6,167)
Loss for the year							(42,069)
Other reportable segment information							
Interest income	44	8	1	–	506	–	559
Interest expenses	(1,534)	(4,961)	–	–	(2,782)	–	(9,277)
Amortisation on payments for leasehold land held for own use under operating leases	–	–	–	–	(582)	–	(582)
Depreciation of non-financial assets	(12,983)	(29,845)	–	–	(3,272)	–	(46,100)
Recovery of impairment loss on trade receivables, net	–	633	–	–	–	–	633
Gain on disposal of property, plant and equipment	291	4	–	–	–	–	295
Income tax credit/(expense)	771	598	–	(1)	(35)	–	1,333
Additions to non-current segment assets during the year	23,725	17,489	–	–	1,100	(4,475)	37,839
At 31 December 2015							
Reportable segment assets	147,983	268,399	61	805	147,715	(2,428)	562,535
Unallocated segment assets							30,565
Total assets							593,100
Reportable segment liabilities	55,790	137,880	309	309	103,745	–	298,033
Bonds payable							100,000
Other unallocated segment liabilities							52,827
Total liabilities							450,860

The following tables present (i) the revenue from external customers by locations/jurisdictions of customers from which the Group derived revenue for the year and (ii) non-current assets by locations of assets.

Revenue from external customers

	Hong Kong (domicile)	**Singapore**	**Vietnam**	**Macau**	**PRC**	**Sri Lanka**	**Korea**	**Thailand**	**Indonesia**	**United Arab Emirates**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2016	**56,340**	**55,762**	**–**	**516**	**58,454**	**1,174**	**41,962**	**406**	**–**	**–**	**214,614**
Year ended 31 December 2015	53,835	98,822	2,124	3,999	65,909	28	12,865	1,872	28	273	239,755

Non-current assets

	Hong Kong (domicile)	**Singapore**	**PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016	**167,474**	**177,975**	**273,922**	**619,371**
At 31 December 2015	96,797	212,588	62,206	371,591

The Group's revenue from external customers for different products and services is set out in note 5.

Information about a major customer

Revenue from one customer of the Group's PRC (2015: PRC) segment amounted to approximately HK$24,728,000 (2015: HK$29,624,000), which represented 12% (2015: 12%) of the Group's revenue for the year.

5. REVENUE

The Group's principal activities are (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings in the PRC.

Revenue from the Group's principal activities during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of machinery	**54,406**	49,825
Sales of spare parts	**5,523**	3,621
Rental income from leasing of owned plant and machinery and those held under finance leases	**67,306**	84,190
Rental income from subleasing of plant and machinery	**1,281**	6,959
Service income	**27,644**	29,251
Sales of proprietary Chinese medicines and health products	**58,454**	65,909
	214,614	239,755

6. OTHER INCOME AND GAINS

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**60**	79
Other interest income	**–**	480
Compensation received	**857**	629
Gain on disposal of property, plant and equipment	**160**	295
Government subsidies *(Note)*	**–**	1
Recovery of impairment loss on trade receivables, net	**–**	633
Recovery of impairment loss on other receivable, net	**91**	–
Others	**743**	866
	1,911	2,983

Note: Government subsidies comprised unconditional cash subsidies from government for subsidising the Group's manufacturing and sales of proprietary Chinese medicines and health products business.

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowings	**2,623**	3,952
— Bonds payable	**20,260**	17,201
— Finance lease payables	**4,093**	5,113
— Trade payables	**82**	212
	27,058	26,478

8. LOSS BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
— Current year	**959**	627
— Under/(over) provision in respect of prior year	**148**	(21)
Cost of inventories recognised as an expense	**114,902**	84,563
Depreciation of property, plant and equipment		
— Owned assets	**23,859**	23,755
— Assets held under finance leases	**20,048**	22,345
	43,907	46,100
Amortisation of payments for leasehold land held for own use under operating leases	**544**	582
Impairment loss/(recovery of impairment loss) on trade receivables, net	**29**	(633)
(Recovery of impairment loss)/impairment loss on other receivables, net	**(91)**	31
Bad debt written-off	**–**	332
Write-down of inventories to net realisable value and provision for impairment of inventories	**1,696**	107
Written off of inventories	**18**	–
Gain on disposal of property, plant and equipment	**(160)**	(295)
Impairment loss on property, plant and equipment	**8,512**	–
Written off of property, plant and equipment	**18**	453
Operating lease charges in respect of land and buildings	**4,727**	5,591
Employee costs (including Directors' remunerations)	**47,461**	44,403
Net foreign exchange loss	**47**	2,029
Net rental income from subletting of plant and machinery	**(281)**	(3,120)

9. INCOME TAX CREDIT

	2016	2015
	HK$'000	*HK$'000*
Current tax — PRC		
— Under provision in respect of prior year	**–**	35
Current tax — Macau		
— Current year	**–**	36
— Over provision in respect of prior years	**(34)**	(35)
	(34)	1
Deferred tax		
— Current year	**(3,526)**	(1,369)
Total income tax credit	**(3,560)**	(1,333)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong, Singapore, Vietnam profits tax and PRC Enterprise Income Tax have not been provided as the Group has no assessable profits for the years.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of Enterprise Income Tax for the year. For the year ended 31 December 2015, the Group was not engaged in qualifying agricultural business in the PRC and accordingly the Group did not entitle to full exemption of Enterprise Income Tax.

Macau Complementary Tax has not been provided as the Group has no assessable profits for the year. For the year ended 31 December 2015, Macau Complementary Tax had been provided at a tax rate of 12% on the estimated assessable profits.

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2016 (2015: nil).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$72,143,000 (2015: approximately HK$42,035,000) and on weighted average number of 874,316,940 (2015: 800,000,000) ordinary shares in issue during the year.

Diluted loss per share is the same as the basic loss per share because the Group has no dilutive potential shares during the year (2015: nil).

12. TRADE RECEIVABLES

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 60 days or based on the terms agreed in the relevant sales and rental agreements.

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**19,954**	10,780
31–60 days	**10,532**	13,155
61–90 days	**5,295**	8,237
Over 90 days	**18,997**	24,049
	54,778	56,221

13. TRADE AND BILL PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**65,110**	59,869
Bill payables	**–**	17,639
	65,110	77,508

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in purchase agreements. At 31 December 2016, there is no interest-bearing trade payables (2015: nil).

The ageing analysis of trade and bill payables as at the reporting date, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**34,759**	34,685
31–60 days	**6,767**	9,756
61–90 days	**2,284**	18,504
Over 90 days	**21,300**	14,563
	65,110	77,508

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2016, the Group generated revenue of approximately HK$214.6 million (2015: approximately HK$239.8 million) with a loss for the year of approximately HK$72.2 million (2015: approximately HK$42.1 million).

Business Review

For the year ended 31 December 2016, the Group recorded revenue of approximately HK$214.6 million compared to approximately HK$239.8 million achieved in the previous year.

The decrease in revenue for the year under review was mainly attributable to the decrease of rental income from leasing of machinery and the related service income. However, a modest growth was recorded in sales of machinery and spare parts over the same period of 2015.

Revenue from sales of machinery of approximately HK$54.4 million was recorded for the year under review, representing an increase of approximately 9.2% compared to the amount we achieved in 2015. The growth in sales of machinery was mainly due to the increase in disposal of used cranes to South Korea and locally in Hong Kong. The revenue from sales of spare parts also recorded an increase from approximately HK$3.6 million in the previous year to approximately HK$5.5 million for the year under review.

Rental income from leasing of machinery is the major cause of the decrease in the Group's revenue in 2016. In spite of a relatively satisfactory rental contract commitment or utilization rate of our tower crane rental fleet, the value of the monthly rent per crane continued to decrease during the year. In Singapore, the average contracted monthly rent of the most common category of our 20t topless tower crane recorded a decrease of approximately 22% over that in the second half of 2015. In Hong Kong, the same tower crane model recorded approximately 24% decrease in monthly rental rate during the same period. Based on our recent rental contract commitments and enquiries in the first few months of 2017, it appears that such trend continues to worsen in Singapore notwithstanding the fact that the Hong Kong market appears to be stabilized.

As a result of the above factors, our rental income revenue recorded a decrease of approximately 24.8% from approximately HK$91.1 million for the year ended 31 December 2015 to approximately HK$68.6 million for the year ended 31 December 2016.

Service income decreased by approximately 5.5% from approximately HK$29.3 million for the year ended 31 December 2015 to approximately HK$27.6 million for the year ended 31 December 2016. The decrease was mainly attributable to the timing of erection, climbing and dismantling of the rented tower cranes according to the customer's construction schedule.

In view of the above, we have undergone a thorough evaluation of the fair market value of each and all tower cranes in our fleet. Pursuant to the relevant accounting requirements and practices, impairment adjustments of approximately HK$7.8 million and HK$0.7 million have been made in our financial statements for the year ended 31 December 2016 respectively for Singapore and Hong Kong.

Revenue from sales of proprietary Chinese medicines and health products of approximately HK$58.5 million was recorded for the year under review, representing a decrease of approximately 11.3% compared to the amount we achieved in 2015. The decrease was mainly attributable to the decrease in market demand of our products.

During the year under review, the Group acquired 51% equity interest in Best Earnest Investments Limited ("Best Earnest"), a company indirectly holds 80% of the registered capital of a company established in the PRC, 廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited) ("Guangdong Dahe"), which is principally engaged in the cultivation, research, processing and sales of exocarpium citri grandis (化橘紅), a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the PRC. Guangdong Dahe had sales of approximately HK$47.8 million for the year ended 31 December 2016 under PRC Generally Accepted Accounting Principles ("PRC GAAP"). As at 31 December 2016, Guangdong Dahe had approximately 92,000 bearer plants over the total area of woodlands of 2,151.36 mu, while the scale of exocarpium citri grandis cultivation business operated by Guangdong Dahe is among one of the biggest in Huazhou City. With its edge in respect of resources and experience in the cultivation of exocarpium citri grandis, Guangdong Dahe is expected to provide a stable source of supply of the exocarpium citri grandis to meet with the growth of market demand and in turn providing a stable income stream to the Group.

Dividend

The Directors do not recommend the payment of any dividends for the year ended 31 December 2016 (2015: nil).

Financial review

Results for the Year

As detailed in the section headed "Business Review" above, the Group recorded a loss for the year of approximately HK$72.2 million compared to approximately HK$42.1 million in 2015.

For the year ended 31 December 2016, the Group's other income and gains amounted to approximately HK$1.9 million, representing a decrease of approximately 35.9% compared to that of 2015. The decrease was mainly attributable to the decrease in recovery of impairment loss on trade receivables and the decrease in other interest income for the year under review.

The Group's property, plant and equipment amounted to approximately HK$522.7 million, representing an increase of approximately 49.3% compared to that of 2015. The depreciation charges and staff costs for the current year decreased by approximately HK$2.2 million and increased by approximately HK$3.1 million respectively, as compared to the amounts for the previous year.

The Group's finance costs amounted to approximately HK$27.1 million for the year ended 31 December 2016, representing an increase of approximately 2.2% compared to that of 2015.

Liquidity and Financial Resources

The Group held cash and cash equivalents of approximately HK$198.5 million as at 31 December 2016 (2015: approximately HK$84.3 million).

The total equity of the Group increased to approximately HK$377.8 million as at 31 December 2016 (2015: approximately HK$142.2 million).

As at 31 December 2016, the Group had net current assets of approximately HK$61.3 million (2015: net current liabilities of approximately HK$128.0 million).

Capital Structure

As at 31 December 2016, the Company's total issued shares was 960,000,000 at HK$0.01 each (the "Shares", each, a "Share") (2015: 800,000,000 at HK$0.01 each).

On 23 June 2016, the Company entered into a placing agreement with Fulbright Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties to subscribe for up to 160,000,000 new shares of the Company ("Placing Shares") (the "Placing") each at a placing price of HK$1.220 per Placing Share. The intended and actual use of proceeds from the Placing (i) as general working capital of the Group; (ii) for payment of the cash consideration for the acquisition of 51% equity interest in Best Earnest; and (iii) for fulfillment of financial obligations of the Group. The Placing was completed on 15 July 2016 and an aggregate of 160,000,000 Placing Shares were placed by the Placing Agent at the Placing Price of HK$1.220 per Placing Share. The gross and net proceeds were approximately HK$195.2 million and HK$193.1 million respectively.

Investment Position and Planning

During the year under review, the Group spent approximately HK$40.1 million for acquisition of plant and equipment (2015: approximately HK$37.8 million).

Save as disclosed below, the Group did not have any significant acquisition or disposal of subsidiaries and associated companies during the year under review.

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited dated 10 January 2013, the board of management resolved to liquidate the company (the "Liquidation"). As at the date of this report, the Liquidation is still in process.

On 23 December 2016, the Group acquired 51% equity interest of Best Earnest from an independent third party (the "Vendor") at consideration of HK$220,000,000, of which HK$110,000,000 was satisfied by cash (the "Cash Consideration") and HK$110,000,000 was satisfied by promissory note (the "Promissory Note"). Pursuant to the conditional sale and purchase agreement dated 27 October 2016, the consideration has been held in escrow by the Company as a security for the performance by the Vendor of the guarantee that the net profit after tax attributable to the owners of Guangdong Dahe, a company established in the PRC with limited liability and an indirect 80%-owned subsidiary of Best Earnest, excluding changes in fair value of assets through profit or loss and government subsidies, prepared in accordance with the PRC GAAP for the year ended 31 December 2016 (the "Actual Profit"), shall be not less than RMB28.0 million (the "Profit Guarantee").

Pursuant to the certificate dated 22 February 2017 issued by 深圳大公會計師事務所 (for identification purpose, Shenzhen Dagong Certified Public Accountants), an auditor jointly engaged by the Group and the Vendor, the 2016 Actual Profit amounted to approximately RMB29.1 million. Accordingly, the Profit Guarantee has been fulfilled and the Cash Consideration and the Promissory Note was released to the Vendor in accordance with the terms of the Acquisition Agreement. Further details of the Acquisition have been disclosed in the Company's announcements dated 27 October 2016, 22 February 2017 and the circular of the Company dated 21 December 2016.

Gearing

The Group monitors capital using a gearing ratio, which is total debts (sum of carrying amounts of bonds payable, bank borrowings, other loans payables, promissory note payable and finance lease payables) divided by total equity. Notwithstanding the increase in total debts as at 31 December 2016 as compared to that of 2015, the gearing ratio as at 31 December 2016 was decreased to 0.7 (2015: 1.8), mainly due to the cash injected from placing of new shares for the year under review.

Pledge of Assets

The Group's banking facilities were secured by certain assets of the Group, including land and building carried at fair value, buildings carried at cost and payments for leasehold land held for own use under operating leases, with aggregated carrying amounts of approximately HK$93.6 million (2015: approximately HK$103.0 million). The bonds of the principal amount of HK$100.0 million are secured by the equity interest of certain subsidiaries.

Exchange Rate Exposure

As at 31 December 2016, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

Treasury Policies

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangement, if applicable, are charged by reference to prevailing market rates.

Contingent Liabilities

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities.

Commitments

As at 31 December 2016, the Group had total capital commitments of HK$7.8 million related to the acquisitions of property, plant and equipment (2015: nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 306 (2015: 283) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

FUTURE PROSPECTS

The overall macro-economic factors and data remain consistent compared to those we noted, reviewed and collected in 2016.

The Singapore construction market, and hence equipment rental market, is expected to continue to be challenging and difficult. According to the Building and Construction Authority and the report published by Timetric, public sector construction investments are expected to continue to dominate Singapore's construction industry. Total construction contract value is expected to range from S$26.0 billion to S$35.0 billion during 2017–2018 in which public sector construction contracts are to account for between S$16.0 million to S$20.0 million.

On the other hand, the number of building permits granted to private residential property developers declined by 20% during the first half of 2016 against the same period in 2015. This demonstrates the impact of weak economic conditions on private sector investments. High mortgage interest rates and property taxes are also restraining the flow of private investments in the residential sector. As a result, it is reasonable to predict that the number and value of private sector construction projects will continue to slow down.

In respect of the public sector, the Housing and Development Board ("HDB") has provided over 18,000 Build-To-Order flats in Singapore as of November 2016. It was announced by HDB in December 2016 that 17,000 units are planned to be built in 2017. We would see this message as the key pillar of the construction activities in the residential market.

As the numbers of cranes in the market have not been reduced, it is reasonable to anticipate that the price war relating to monthly rental rate will continue in Singapore. Similar to previous year, we will continue to work closely with the manufacturer to penetrate into area of higher lifting capacity tower cranes. This will enable us to re-gain our market share and positioning to focus on quality and services instead of head-on price war. We will also be more aggressive in disposing of certain aged tower cranes or tower cranes with smaller lifting capacity as part of our rental fleet streamlining strategy.

From a construction projects perspective, the Hong Kong market appears to be optimistic. According to the Construction Industry Council ("CIC") research and its published data, the building works from public sector will grow gradually from the range between HK$20.1 billion to HK$22.5 billion for the year 2016-17, to the range between HK$28.7 billion to HK$32.5 billion for the year 2017–18. CIC further predicts a continuous growth in this sector in its mid-term and long-term forecast. As regards private sector building work, the forecast range is between HK$48.0 billion to HK$62.0 billion for the next couple of years. Based on such statistics and projections, it appears that the demand for construction work as well as construction equipment rental will continue to grow in a steady pace.

After a year of severe price war causing significant rental rate reduction in Hong Kong in 2016, it appears that the rental downward trend is stabilized based on our recent tender experience. It is hopeful that this rental rate reduction will have been arrested and be reversed in due course given the stable growth in demand for construction work in the next few years.

Regarding to the newly acquired business in cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the PRC, the Group will share its resources in overall management, marketing and distribution network for business development, as well as exercise its best efforts in formulating strategy as to strengthen and expand its business, such as optimising the productivity of its bearer plants and quality of the produces by implementing modern technology, enhancing the research and development of products using exocarpium citri grandis, applying for patents and authentication certificates for its products, and etc.

Moreover, in the light of the promotion of exocarpium citri grandis as a local featured product by the local government of Huazhou City, and with the edge of Guangdong Dahe in respect of its resources and experience in its cultivation business, the Group will actively seek cooperations with the local government in expanding its cultivation and processing business, as well as developing the market of exocarpium citri grandis in future.

On the other hand, the Group will continue to review and support our proprietary Chinese medicines and health products business in the PRC and will also seek opportunities actively in diversifying its existing businesses as to broaden its income base.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Group had received a letter dated 9 March 2017 in relation to defamation claim by a supplier of tower crane's accessories at Singapore (the "Supplier"). The Supplier claimed that the Group had published, and/or caused to be published, the emails containing defamatory words relating to the Supplier in January 2017.

In the opinion of the Directors, the contents of the emails were not defamatory on the basis of the legal opinion obtained from the legal adviser. Therefore there is no provision made for the defamation claim as at 31 December 2016.

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but also will lay a good foundation for the long term development of the Company. Therefore, the Company will strive to develop and implement effective corporate governance practices and procedures.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2016.

Full details on the Company's corporate governance practices are set out in the Company's 2016 Annual Report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors during the year. Having made specific enquiries, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 25 June 2010 with written terms of reference in order to comply with the CG Code and Report. Currently, the Audit Committee comprises Mr. Wan Tze Fan Terence (chairman of the Audit Committee), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, all are independent non-executive Directors.

The Audit Committee is primarily responsible for overseeing all financial reporting procedures and the effectiveness of the Company's risk management and internal controls and then reports the findings, decisions and recommendations to the Board; making recommendation to the Board on the appointment, re-appointment and removal of external auditor and approving the remuneration and terms of engagement of the external auditor and any questions of resignation or dismissal of that auditor; and reviewing and monitoring the independence and objectivity of external auditor and the effectiveness of the audit process in accordance with applicable standard.

The Audit Committee has reviewed with the management of the Company the annual results for the year ended 31 December 2016 including the accounting principles and practices adopted by the Group, the risk management and the internal control and financial reporting matters.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's result for the year ended 31 December 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

The results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.elasialtd.com) respectively. The annual report of the Company for the year ended 31 December 2016 will be dispatched to the shareholders of the Company and published on the same websites in due course.

By order of the Board
Eagle Legend Asia Limited
Zeng Li
Chairman

Hong Kong, 22 March 2017

As at the date of this announcement, the Board comprises Mr. Zeng Li, Mr. Winerthan Chiu and Mr. Chan Ka Lun as executive Directors; and Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris as independent non-executive Directors.